

Bedford – Capital Expenditures Committee Minutes

Date: Wednesday, October 29, 2014 in the Town Hall 2nd Floor Conference Room

Capital Expenditure Committee (CEC) Attendees: Jon O'Connor (OC), Jim O'Neil (JO), Barbara Perry (BP), Abbie Seibert (AS), Jean-Marc Slak (JM), William Moonan (WM), Brian Bartkus (BB), Tony Battaglia (TB) and Karen Dunn (KD)

Absences: None

Other Attendees: Richard Reed (RR), Jessica Porter (JP) - Assistant Town Manager , Victor Garofalo (VG) – Finance Director/Treasurer

Meeting called to order by OC at 7:30 P.M.

OC placed into discussion the process through which CEC will review, rank, and approve capital expenditures. Also, he requested BP to discuss what her key points were from the most recent FINCOM Meeting.

OC remarked that this year's review of capital expenditures is more difficult because there are 6 years of projects to review and recommend. Plus CPC increase of revenue in a few pockets of spending makes the funding stretch this year less challenging. OC suggested CEC review and recommend the capital expenditures for this fiscal year and review years 2 through 6 for February and thereafter. He believes this would provide a better opportunity to understand this year's capital expenditure given the timeframe of the process.

CEC discussions highpoints were; JO felt some of the future projects may be more important this year and vice visa. WM felt it may be more important to review those projects with higher price tags. He used Town Hall as an example. AS discussed her thoughts over a ranking process versus a rating system with 3 options and recommended that CEC move forward with items for the remaining years so that CEC can better evaluate the line items. AS stated whatever we talk about, she felt that maintenance plans need to be evaluated. WM agreed that CEC needs to have some sort of ranking. Each Committee [CEC, Finance Committee, Selectmen] needs to make an evaluation. The VFA software does produce a ranking. CEC did not spend much time discussing whether the staff department heads produce a ranking. WM felt that CEC needs to give other town committees something to review from CEC perspective. OC asked if the is staff ranking is already in the system? JP replied that the ranking is in the VFA system. AS inquired to JP how reliable is the ranking, is it performed in a consistent manner? JP responded that the department heads have the definitions and should understand how to apply them. BP stated that she was not sure CEC needed the VFA ranking. BP suggested that maybe CEC should to vet the projects and make a rating as AS suggested. She does believe CEC needs to vet the current projects but also look at some outlying years.

BP stated that CEC should justify schedule as well as project. AB inquired as to why the VFA ranking process is a challenge? There was discussion amongst the CEC members that the department heads are not as consistent with the criteria to rank by and that it could also be a tedious task to take on versus grouping such as with a rating system. AB felt that CEC should review year one but also ensure there are projects in outlying years which could have merit in the next year. However, the phasing of projects

could impact moving a project forward. BB felt that CEC does not really approve the expenditure but the town really does. BB stated they we all have our bias towards certain projects which could impact another project. It would be great to understand the highly weighted projects. BB is concerned over how the pricing is established for the projects, do the department heads get more than one quote? BB felt CEC needs more detail on the project's pricing. VG stated that the department heads do their own best estimates based on research, experience and contractors' bids. If the lowest bid meets technical requirements then it is awarded to that vendor. RR described how quotes do not obligate the contractor. All projects have a competitive bidding process of at least 3 bids in order to obtain approval. Contractors sometimes will not provide the estimate detail unless they know the project is approved. Department heads tend to obtain estimates from town engineers.

WM felt it would be important to understand the pricing of larger projects than smaller ones. He mentioned how it is appropriate to ask how the pricing was developed. BB also felt it was important to know why the cost. JO stated that CEC write up questions about a project ahead of time, and then discuss the answers in the department head session rather than to just wait for the presentation and talk about it after the presentations. KD mentioned that CEC should evaluate based upon where the project adds value. She stated that CEC should not get bogged down on how the project gets funded. Discussion then centered on what questions should be asked. The CEC all felt that the questions WM brought forward in a memo all made sense and had merit. WM felt the list is good and CEC should provide a list to those making presentations. JM stated that CEC is the only committee that drills down on the capital projects. This requires time and effort. CEC needs to ensure their work has merit. KD thinks we should maybe rank the projects by dollar. AB asked where does an ROI determination factor into the evaluation process? RR stated that the VFA ratings take into consideration the various forms of ROI such as safety, limited liability, returns etc. It is a complex system. Departments go in and determine when the asset needs to be replaced. RR stated that projects go out future years beyond just the 6 years CEC reviews. But we are focused on 6 years. AS felt if CEC has the info then we need to get the answers to WM questions. We then can do an analysis. Do not want to rank versus rate. What if the town has more money than projects? BB brought up the role of liaison. The liaison did not voice their feedback in the department sessions but we all go out to check the need. JO felt CEC should expand the list of projects so that projects can be deleted-at say a 25% level. BP stated we do not know what the funding will be. The staff worked hard to come in and project their projected needs. Currently the town's finances are in a good condition but times could change. We should be thinking more long term.

BP's main concern at last week's FINCOM session was that someone from the School Committee thought there was a lot more money out there and that there is plenty of funding. The person voiced their concern because if all the projects were funded then there would be redundancies built into projects. But this is a misunderstanding and a reason CEC needs to vet the projects. Another set of eyes strengthens the process. KD thought that fieldtrips to the different department heads provides for greater credibility and comfort to the process. RR stated that when they approached the budget process they looked at the revenue and expenses needed. CEC has not been involved in evaluating revenue for capital projects. AS questioned whether maintenance is built into plan? RR stated certain funding goes into reserves for paint, repairs etc.

OC inquired to the CEC if they have enough to decide on next steps. BP stated it should not be necessary to know the capital expenditure funding level when evaluating project requests. JM felt there is a need for ranking even if we know the level. JM is in strong support of a grouping process. There were additional discussions over a rating process. RR proposed that each CEC member assign a rating of 2, 1, or 0 to each project, providing a combined max of 18 points and a low of 0 based on there being 9 CEC members. CEC discussed the logic of RR's recommendation with most seeming favorable to the idea.

RR mentioned that he had hoped to see a more substantive representation of 6 year plan from CEC. He would somehow like to present to the community what the sense is of 6 year plan. WM asked CEC if the questions he outlined are the correct ones. All felt the questions were good with a few minor amendments. WM felt a letter along with the questions can start the process in order for CEC to make an evaluation. RR will take list and submit a written request to the department heads. The liaison follows up on the questions. WM proposed a 3 grouping process such as what RR recommended and then make evaluations. Then CEC would have to decide on any key follow up questions. JM felt CEC should request that the department head comes back to discuss any key deep dive items. JO stated that after all the presentations CEC conduct a session to go over the list.

STM Warrant - JM motioned that Article 13 be recommended for approval. AS seconded. JO found parts of the plan that still gave him concern to move forward with the project. A key issue is the hole in the floor of the Multi-purpose Room. RR stated that facilities looked at other ways to get the equipment in. Engineering measured a louver thru which the equipment can be passed. JO still felt the project was not necessary. He mentioned several reasons for his opinion. There was no other discussion. The vote passed with 7 yes and 2 No.

WM placed into motion the approval of the CEC Minutes from 8/20/14. BB seconded. There were a few amendments. The Minutes were approved as amended 6-0-3 as amended.

JM placed in to motion the approval of the CEC Minutes from 10/15/14 and 10/22/14. AS seconded. There were a few amendments. The 10/15/14 and the 10/22/14 CEC Minutes were approved as amended 8-0-1 and 9-0, respectively.

The next CEC meeting will be on 11/5/14 at 7:00 P.M.

Adjourned at 10:45 P.M.

Prepared by

Tony Battaglia

Minutes approved on November 5, 2014